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STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING 1594 West North Temple – Suite 1210

Box 145801

Salt Lake City, Utah 84114-5291 Telephone: (801) 538-5291 Fax: (801) 359-3940

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

| I. | Genera | al information | |
|-----|--------|---|--|
| | 1. | Report Time Periods: From (mo./yr.) Jan. 2004 To (mo./yr.) Dec. 2004 | |
| | 2. | DOGM File Number (Mine No.) S/470/063 | |
| | 3. | Mine Name: Neal #1, #2, and #3 | |
| | 4. | Mineral(s) Mined (or permitted to mine): Gilsonite | |
| | 5. | Type of Mine: □ Surface Mine or X <u>Underground Mine</u> | |
| | 6. | Legal Description (Location of Lands Affected): | |
| | | 1/4, NW 1/4, SW 1/4, Section 32, Township 11S, Range 24E | |
| | | 1/4, 1/4, 1/4, Section , Township , Range 1/4, 1/4, 1/4, Section , Township , Range | |
| | | 1/4,1/4, Section, Township, Range | |
| | 7. | Name of Operator or Company: Ziegler Chemical & Mineral Corp. | |
| | 8. | Permanent Street Address: 366 N. Broadway, Suite 210 | |
| | | City, State, Zip: Jericho, New York 11753-2000 | |
| | | Phone: (516) 681-9600 Fax: (516) 681-9604 | |
| | | Company Representative (or designated operator): | |
| | | Name: Stan Wagner | |
| | | Title: Mine Superintendent | |
| | | Business Address: Star Route | |
| | | City, State, Zip: Vernal, Utah, 84078 | |
| | | Phone: (435) 789-3593 Fax: (435) 789-3593 | |
| | | □ Please check if any of the above information has changed since previous year. | |
| | | | |
| II. | Mining | g and Reclamation | |
| | 4 | W d V N N N | |
| | 1. | Was there any mine related activity during the past year? Yes □ No X | |
| | 2. | If no, what was the last year of activity?2002 | |
| | 3. | If yes, how much ore or mineral was mined: | |
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DIV. OF OIL, GAS & MINING

FORM MR-AR (Revised 3/98)

- 4. Briefly describe the type of work performed, volume of material moved, and any new or additional surface disturbances that occurred during the past year.
- 5. How much additional acreage was disturbed during the past year? None
- 6. How much acreage was reclaimed during the past year. None
- 7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.
- 8. What is the total disturbed acreage of entire project at years end? 2.7 acres.
- 9. Briefly summarize any mining and/or reclamation plans for the upcoming year.

ZCMC plans no mining activity at this site during 2005.

NOTE: Section III., "Additional Information" applies only to <u>large mining operations</u>.

III. Additional Information

- 1. An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted.
- 2. Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.
- IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Printed):

Title (1) pour of 1 inition).

Title of Operator:

Signature of Operator:

Date:

Stan Wagner

Mine Superintendent

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January 17, 2005

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